THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): (a) No, Sir.

(b) Sanction of loans to corporate bodies by Financial Institutions and Banks is based upon their commercial judgement and project viability.

Bilateral Agreement Between India and France

3754. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether India and France are working on bilateral investment protection agreement to further encourage French investment and to give their economic and political relations a fresh impetus;

(b) whether French Foreign Minister visited India in the Month of May to discuss the investment proposals by the French Government;

(c) if so, to what extent the France has improved its investment in India during 1994-95:

(d) what are the areas on which the French investment has been more; and

(e) what are the agreements reached between India and France for improving trade relations between the two countries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): (a) Yes, sir.

(b) The French Foreign Minister visited India during April, 1994.

(c) and (d) No estimates about the quantum or areas of French investment in 1994-95 have been made.

(e) No trade agreement with France has been signed.

Credit Limit to Primary Weavers' Cooperatives

3755. SHRl G. PRATHAPA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the recommendations of the Inter-Ministerial Committee appointed by the Ministry of Textiles on 3rd September, 1992 at the instance of the Ministry of Finance, that the credit limits sanctioned to the Primary Weavers' Cooperatives by the "National Bank for Agriculture and Rural Development (NABARD)[1] be channelled through the branches of the Nationalised Banks, because of the several difficulties being experienced by the Weavers' Cooperatives to draw them through the District Co-operative Central Bank, is still with the Ministry of Finance;

(b) why the Weavers' cooperatives are tagged on to the District Cooperative Central Bank run by agriculturists, while the agricultural credit cooperatives are allowed to draw their requirement of borrowing from several sources; and

(c) the action proposed to be taken on the recommendation of the inter-Ministerial Committee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): (a) and (c) The Inter-Ministerial Committee appointed by the Ministry of Textiles had, inter-alia, recommended that National Bank for Agriculture and Rural Development (NABARD) refinance be made available through Commercial banks for Primary Weavers' Cooperative Societies (PWCS). This recommendation has been examined in consultation with NABARD and Reserve Bank of India (RBI), who are not in favour of inducting commercial banks for financing PWCS. However, where financing by cooperative sector is considered inadequate alternative arrangements such as direct financing of societies by State Cooperative Banks (SCBs) could be thought of without disrupting the existing institutional arrangements. According to NABARD, there already exists a provision in its policy guidelines for SCBs to take up direct financing to PWCS in areas where the District Central Cooperative Banks (DCCBs) are weak.

(b) NABARD has reported thai Primary Agricultural Credit Societies (PACS) arc drawing their credit requirements exclusively from DCCBs only arid they are not being provided assistance by other agencies

Indo-German Agreements

3756. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether the details of visits of delegations from Germany during the last three months ending 31st July 1994 and areas and identification of ventures to be undertaken with German assistance in the country;

(b) whether modalities for expeditious implementation of projects have been worked out;

(c) whether Government have received assurances fronrsuch delegations of large aids, long-term loans and German funds;

(d) what is the total quantum to be given to India by Germany and under what terms and conditions;

(e) whether Government have directed the Indian Embassy in Bonn to resolve the outstanding disputes pending between German companies and Indian entrepreneurs in order to have cohesive bilateral agreements; and

(0 if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY) (a) The German delegation that visited India during the last 3 months ending 31st July, 1994 was one led by German Foreign Minister & Vice Chancellor Mr. Klaus Kinkel. The delegation met the Finance Minister on 28-7-1994 alongwith a high level business and official delegation. During the meeting the Indo-German Financial Cooperation Agreement and the Agreement for Fertilizer Sector Programme III were signed. The issues discussed were bilateral aid and the need for German Investment in India in the field of Energy, Oil exploration, refining coal, renewable energy, environmental technology, telecom and Road modernisation. As the discussions were a policy dialogue between the two countries no specific investment ventures were discussed.

(b) The protocol has been signed only on 28th July. 1994. Details will be worked out in individual project agreements.

(c) and (d) Under an agreement i.e. Financial Protocol for 1994 signed between the two countries during the visit, the Government of FRG will provide financial assistance of DM 460 Million to India. Out of this DM 70 million is out right grant DM 245 million is soft loan with an interest rate of 0.75% pa. repayable over a period of 40 years including 10 years moratorium. The balance amount of DM 145 million is being provided under a composite financial cooperation loan. This loan will have an interest rate ranging from 2 to 4% depending upon the individual projects and would have a grant element ranging between 25 and 36%.

(e) and (f) Disputes between German companies and Indian entrepreneurs are generally of commercial nature and are basically for the parties concerned to resolve between themselves. However, wherever necessary, Government uses their good offices as possible to facilitate resolution of such differences.

Legisltation for Imposing Tax on Agricultural Income

3757. DR. BIPLAB DASGUPTA: Will the Minister of FINANCE be pleased to state whether Government are contemplating the introduction of a legislation that would make it compulsory for the state to pass legislations for imposing tax on agricultural income?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): No, sir.

Pending Cases in Settlement Commission at Bombay

3758.SHRI RAJUBHAI A. PARMAR: Will the Minister of .FINANCE be pleased to state:

(a) what are the total number of settlement cases of Gujarat pending with the Settlement Commission at Bombay; and

(b) whether there is any proposal to create Settlement Commission Bench in the State of Gujarat?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V.